



**Statement of the A Call to Invest in Our Neighborhoods (ACTION) Campaign
for the Record**

**House Ways and Means Committee
Tax Reform Working Group on Real Estate
April 9, 2013**

Chairman Johnson, Vice Chairman Pascrell, and Members of the Working Group:

Thank you for the ability to provide comments on our current tax code as the House Ways and Means Committee considers comprehensive tax reform. We provide these comments on behalf of over 450 organizations dedicated to protecting and strengthening the Low-Income Housing Tax Credit (Housing Credit) as members of the A Call to Invest in Our Neighborhoods (ACTION) Campaign.

The ACTION Campaign was founded in 2009 by a broad cross-section of Housing Credit stakeholder organizations that work with the Housing Credit directly or through partners, and understand the program's positive impact on affordable housing production, state and local economics, and job creation. We speak in a unified voice in calling on Congress to protect and strengthen the Housing Credit through tax reform.

The Housing Credit is the nation's largest and most successful rental housing production tool, supporting jobs for 95,000 Americans annually through the production and preservation of about 100,000 affordable homes each year. Through public-private partnerships, the program has leveraged near \$100 billion of private equity capital to help finance more than 2.6 million affordable homes throughout the program's 26-year history.

The Housing Credit is vital to the creation and preservation of affordable housing in every state in the Union. In 2010, half of all multifamily starts were financed by the Housing Credit, according to the National Association of Home Builders (NAHB). Housing Credit properties are very well managed, with an extremely low foreclosure rate over the program's history of 0.62 percent, according to CohnReznick.

The need for affordable rental housing is acute and growing. Renters are constrained by a lack of income growth, and as more people decide to rent, there has not been an accompanying increase in the supply of affordable apartments. According to HUD's Summary of Worst Case Housing Needs, a record 8.5 million very low-income families nationwide are considered to have worst case housing needs in 2011, meaning they are very low-income renters who either paid more than half of their income for rent, lived in severely inadequate conditions, or both. The number of cases in 2011 rose from 7.1 million in 2009 and has been steadily growing since 2007. In the types of jobs currently hiring new workers, four out of the five most prevalent jobs do not pay workers enough to afford to rent or buy housing at typical prices nationwide, according to the Center for Housing Policy.

In addition to creating affordable homes, supporting jobs, and expanding local economies, the Housing Credit brings well-designed rental housing to a wide variety of communities, from inner cities to rapidly growing suburbs to rural towns. It builds new affordable apartments and saves valuable at-risk existing affordable housing, preventing displacement as rents outpace incomes. It provides affordable homes to working families and vulnerable populations with special needs—the elderly, people with disabilities, and people who are homeless. It



addresses the housing needs of acutely underserved communities, such as farmworkers and Native Americans, and it is the key housing resource for transformative community redevelopment and revitalization efforts nationwide.

As Congress considers various options for tax reform and deficit reduction, it should recognize that the Housing Credit is a proven, efficient means for creating affordable housing through public-private partnerships. For more than 26 years after President Reagan signed it into law in 1986, the Housing Credit has leveraged private capital, private development expertise, and private asset management to create affordable housing under the guidance of individual state allocating agencies. The Housing Credit's place in the tax code is an essential part of its long-term success. Indeed, it has been so successful that it has become a model for subsequent programs.

In addition to protecting and preserving the Housing Credit as a permanent part of the tax code, the ACTION Campaign supports the following legislative proposals to improve the efficiency and effectiveness of the Housing Credit at a negligible cost to the federal government:

1. Make the 9 percent Housing Credit fixed floor rate permanent

The Housing and Economic Recovery Act of 2008 (HERA) set the rate for new construction and substantial rehab Housing Credits (also known as 9 percent Housing Credits) from each state's allocation at no less than 9 percent, the amount originally envisioned when the program was created in the Tax Reform Act of 1986. This experiment proved successful—it removed the uncertainty and financial complexity of the floating rate system, simplified state administration, and facilitated development of affordable housing after HERA's enactment. The provision was then extended for projects allocated by the end of 2013 through the American Taxpayer Relief Act of 2012. However, this provision will expire for apartments placed in service after 2013. If this provision is not extended by the end of 2013, developments will need to be underwritten at the floating rate, which would mean a sudden and substantial reduction in the amount of equity that a development could receive for its allocation (though with no change in the amount of credits allocated overall). In the current budget environment where gap financing from HOME, Community Development Block Grant (CDBG), and other local sources are at risk, such a cut in equity would make the development of affordable housing more difficult. Making the fixed floor rate permanent would not increase the number of Housing Credits allocated, as they are capped annually. It just affects how much allocation each project may receive.

2. Make the Housing Credit floor rate for acquisition fixed at no less than 4 percent

In addition to the new construction and substantial rehab Housing Credits, states are allowed to provide Housing Credits from their capped allocation for the acquisition of existing property, an important tool for affordable housing preservation. Acquisition Housing Credits are currently set by the floating rate system just like new construction and substantial rehab Housing Credits were before HERA. Applying the fixed floor rate for acquisition Housing Credits at no less than 4 percent would similarly remove the uncertainty and financial complexity of the floating rate system, simplify state administration, and facilitate preservation of affordable housing at little or no cost to the federal government. Acquisition Housing Credits are less than 10 percent of all allocated Housing Credits according to the National Council State Housing Agencies, so the incremental additional cost of extending the fixed floor rule to acquisition Credits would be minimal.



Thank you again for this opportunity to explain the importance of retaining the Housing Credit in the tax code and strengthening it through the minimum credit rates. We look forward to working with you as Congress pursues comprehensive tax reform.

Signatories:

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Adams Construction (MI)
Addison County Community Trust, Inc. (VT)
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Affirmed Housing Group (CA)
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Affordable Housing America, Inc. (GA)
Affordable Housing Associates (CA)
Affordable Housing Association of Arkansas (AR)
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The Affordable Housing Group of North Carolina (NC)
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Affordable Housing Tax Credit Coalition
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Alliance for Housing Solutions (VA)
American Covenant Senior Housing Foundation (GA)
AmeriNational (FL)
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Arbor Housing Development (NY)
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Benchmark Title Agency, LLC. (NY)
Beneficial Communities (FL)
Bethel Development (OH)
Beyond Shelter, Inc. (ND)
Bickerdike Redevelopment Corporation (IL)
Biscayne Housing Group (FL)
Blue Sky Communities, LLC. (FL)
Blueprint Properties (NY)
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Carolinas Council of Affordable Housing (NC, SC)	The Community Builders, Inc.
Carrfour Supportive Housing (FL)	Community Development Corp. of Long Island (NY)
CASA of Oregon (OR)	Community Development Trust (NY)
CATCH Neighborhood Housing (NH)	Community Economic Dev. Assoc. of Michigan (MI)
Catholic Charities Housing Svcs. Diocese of Yakima (WA)	Community Economics, Inc. (CA)
Centennial Management (FL)	Community Frameworks (WA)
Center City Housing Corp. (MN)	Community Housing Assistance Program, Inc. (CA)
Center for American Progress Action Fund	Community Housing Initiatives, Inc. (IA)
Centerline Capital Group	Community Housing of Maine (ME)
Central Vermont Community Land Trust (VT)	Community League of the Heights (NY)
Century Housing Corporation (CA)	Community Realty Agency & Information Group (FL)
Certified Commercial Investment Member Association	Community Revitalization and Dev. Corp. (CA)
CHAI Baltimore (MD)	Comprehensive Housing Assistance, Inc. (MD)
Chesapeake Community Advisors, Inc. (MD)	Conifer Realty, LLC. (NY)
Chicago Community Development Corporation (IL)	Connecticut Housing Coalition (CT)
Chicago Rehab Network (IL)	Cook Inlet Housing Authority (AK)
Citizens' Housing and Planning Association (MA)	Corporation for Supportive Housing
City of Chicago (IL)	Council for Affordable and Rural Housing
City of Las Cruces (NM)	Council of State Community Development Agencies
Clark County Cmty. Resources Management Division (NV)	Crossroads Urban Center, LLC. (UT)
Clark Schaefer Hackett (OH)	Curtis + Ginsberg Architects LLP (NY)
Cleveland Housing Network (OH)	Dauby, O'Connor & Zaleski, LLC.



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Delaware Valley Development Company (DE)	The Gatehouse Group, Inc. (FL)
Delray Beach Housing Authority (FL)	George Gekakis, Inc. (NV)
Delmar Realty Advisors (GA)	Georgia Affordable Housing Coalition (GA)
Desert Manna (CA)	Global Development Initiatives, LLC. (FL)
Developers Collaborative (ME)	Grand Junction Housing Authority (CO)
DHIC, Inc. (NC)	Great Lakes Capital Fund (IL, IN, MI, WI, NY)
Disability Advocates of Kent County (MI)	Greater Minnesota Housing Fund (MN)
Diversified Equities Corporation (MN)	Greater Rochester Housing Partnership (NY)
Douglas Development (SC)	Green Mills (FL)
D.W. Jones, Inc. (MN)	Guadalupe Community Development Corp. (AZ)
EAH Housing (HI, CA)	Habitat for Humanity International
Eden Housing, Inc. (CA)	HANAC, Inc. (NY)
Edgemere Development (NY)	Hawaii Housing Finance, LLC. (HI)
Elizabeth Moreland Consulting, Inc. (WI)	The Hickman (PA)
Enterprise Community Partners	Highridge Costa Housing Partners, LLC. (CA)
Episcopal Community Services of San Francisco (CA)	Hirsch Group, LLC. (WI)
ERS Consulting Group, LLC. (PR)	Holland & Knight
Ewing Planning Services (NY)	Homes for America (MD)
Excel Development Group (NE)	Homestead Affordable Housing, Inc. (KS)
FAHE Capital Corporation (KY)	HOPE of Kentucky, LLC. (KY)
Famicos Foundation (OH)	Horizon Development and Management (UT)
Fecteau PLLC (NY)	House of Hope CDC (RI)
Federation of Appalachian Housing Enterprises, Inc.	HOUSING ACTION Coalition (RI)
First Financial Management Corporation (MA)	Housing Action NH
Florida Alliance of CDCs (FL)	Housing Advisory Group
Florida Council for Affordable and Rural Housing (FL)	Housing Alliance of Pennsylvania (PA)
Fordham Bedford Housing Corporation (NY)	The Housing Assistance Corporation (NC)
Foundation Communities (TX)	Housing Assistance Council
Freeport Housing Trust (ME)	Housing Assoc. of Nonprofit Developers (VA, DC, MD)
Frost, Cummings/Tidwell Group, LLC (AL)	Housing Authority of Jackson County (OR)
Full Circle Communities, Inc. (IL)	Housing Authority of Salt Lake City (UT)



Housing California (CA)	Kelly & Close Engineers (PA)
Housing Colorado (CO)	Kevin P. Martin & Associates, P.C. (MA)
Housing Corporation of Arlington (MA)	Kiss & Company, Inc. (FL)
Housing Dev. Consortium of Seattle-King County (WA)	Klein Hornig LLP
Housing Hawaii (HI)	La Fundacion del Perpetuo Socorro (PR)
Housing Partnership, Inc. (KY)	Laborers' Home Development Corp. (IL)
Housing Partnership Network	Laconia Area Community Land Trust (NH)
Housing Preservation Project (MN)	Lamoille Housing Partnership (VT)
Housing Resource Connection (CA)	Landmark Companies, Inc. (FL)
Housing Trust Group, LLC. (FL)	Laurin Associates (CA)
Housing Trust of Rutland County, Inc. (VT)	LeadingAge
Housing Trust of Santa Fe (NM)	LDG Development, LLC. (KY)
Housing Vermont (VT)	Lee and Co, PC (MT)
Housing Visions (NY)	Leon N. Weiner & Associates, Inc. (DE)
Howell Linkous and Nettles, LLC. (SC)	LIFE Senior Services (OK)
HTA Development, LLC. (MD)	LifeSTEPS (CA)
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Illinois Housing Council (IL)	Locke Lord LLP (TX)
Imagine Housing (WA)	Louisiana Assoc. of Affordable Hsg. Providers (LA)
The Ingerman Group (NY)	Louisiana Community Reinvestment Coalition (LA)
Inner City Christian Federation (MI)	Low Income Investment Fund
Innovation, LLC. (WV)	Low Income Housing Institute (WA)
The Institute for Human Services, Inc. (NY)	Lutheran Social Services of North Dakota (ND)
Institute for Responsible Housing Preservation (DC)	Mahoney Ulbrich Christensen Russ P.A. (MN)
Institute of Real Estate Management	MaGrann Associates (NJ)
InterIm Community Development Association (WA)	Maine Affordable Housing Coalition (ME)
James A. Saad, LLC. (OH)	Maine Workforce Housing, LLC. (ME)
JBH Ministries, Inc. (GA)	Management Specialists Co. (HI)
JPM Development, LLC. (FL)	Marian Development Group, LLC. (KY)
JL Gray Company (NM)	Maryland Affordable Housing Coalition (MD)
Kansas City Equity Fund, LLC. (MO, KS)	Maryland Asset Building & Cmty. Dev. Network (MD)
Keller Development, Inc. (IN)	Massachusetts Housing Investment Corp. (MA)



MB Financial Bank (IL)	National Council of State Housing Agencies
MEND, Inc. (NJ)	National Development Council
Mercer Alliance to End Homelessness (NJ)	National Housing & Rehabilitation Association
Mercy Housing, Inc.	National Housing Conference
Merritt Community Capital Corporation (CA)	National Housing Law Project
MetroPlains, LLC. (MN)	National Housing Trust
The Metropolitan Consortium of Cmty. Developers (MN)	National Leased Housing Association
Michaels Development Company	National Multi Housing Council
Michigan Disability Housing Work Group (MI)	National NeighborWorks Association
Michigan Housing Council (MI)	National Trust Community Investment Corporation
MidPen Housing Corp. (CA)	NDC Corporate Equity Fund, LP.
Midwest Housing Equity Group, Inc. (IA, KS, NE, OK)	Nebraska Housing Developers Association (NE)
Minnesota Housing Partnership (MN)	Neighborhood Service Organization (MI)
Mississippi Assoc. of Affordable Housing Providers (MI)	NeighborWorks Blackstone River Valley (RI)
Missoula Housing Authority (MT)	NeighborWorks Capital (MD)
Monarch Housing Associates (NJ)	NeighborWorks of Greater Manchester (NH)
Monroe Group Ltd. (CO)	Network for Oregon Affordable Housing (OR)
Montgomery Housing Partnership (MD)	New Beginnings Housing, LLC. (ID)
Morrow Companies (AL)	New England Housing Network (MA)
Mortgage Bankers Association	New Generation Management, Inc. (IN)
Mountain Plains Equity Corporation (MT)	New Mexico Coalition to End Homelessness (NM)
Mutual Housing Assoc. of Southwestern Connecticut (CT)	New Neighborhoods, Inc. (CT)
National Affordable Housing Management Association	New York Housing Conference (NY)
National Alliance of Cmty. Economic Dev. Associations	New York State Assoc. for Affordable Housing (NY)
National Apartment Association	NH Community Loan Fund (NH)
National Assoc. of Affordable Housing Lenders	Nixon Peabody LLP
National Assoc. of Local Housing Finance Agencies	Non-Profit Housing Assoc. of Northern California (CA)
National Assoc. for County Community Economic Dev.	Norstar Development USA (FL)
National Assoc. of Home Builders	North Carolina Housing Coalition (NC)
National Assoc. of Housing and Redevelopment Officials	North Shore Community Development Coalition (MA)
National Assoc. of State and Local Equity Funds	Northern New England Hsg. Investment Fund (NH)
National Church Residences (OH)	Northwest Housing Alternatives (OR)



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Ohio Capital Corporation for Housing (OH)	Red Stone Equity Partners (TX)
Ohio Housing Council (OH)	Regan Development Corporation (NY)
Ojibway Development, LLC. (MI)	Related California (CA)
Olneyville Housing Corporation (RI)	Related Urban (FL)
ORION Real Estate Services, Inc. (GA)	Reliance Housing Foundation (NC)
ORO Development Corporation (OK)	Religious Coalition for Community Renewal (WV)
Oti Kaga, Inc. (SD)	The Renaissance Companies (IL)
Paces Foundation (GA)	Resources for Community Development (CA)
The Pacific Companies (ID)	The Resurrection Project (IL)
PathStone (NY)	The Richman Group of Florida, Inc. (FL)
Partnership Property Management (NC)	Rochester's Cornerstone Group, Ltd. (NY)
PDC Companies (AR)	Rocky Mountain Development Council (MT)
Penquis Housing, Inc. (ME)	Roots of Mankind Corp. (MD)
Pennrose Properties (PA)	ROSE Community Development Corporation (OR)
Perennial Property Management (IA)	Rosedale Corporation (MS)
Picerne Development Corp of Florida (FL)	Roundstone Development, LLC. (FL)
Pinellas County Housing Authority (FL)	Royal American (FL)
Pinnacle Housing Group, LLC. (FL)	Rural Community Assistance Corporation (CA)
Plymouth Housing Group (WA)	Rural Rental Housing Assoc. of Louisiana, Inc. (LA)
Podawiltz Development Corporation (MN)	Rural Rental Housing Assoc. of Texas, Inc. (TX)
Pressly Development Company, Inc. (NC)	Rural Ulster Preservation Company (NY)
Project for Pride in Living (MN)	S & A Homes (PA)
Project Freedom, Inc. (NJ)	San Diego Housing Federation (CA)
Providence Community Housing (LA)	San Fernando Valley Homeless Coalition (CA)
Providence Housing Development Corp. (NY)	Sand Companies, Inc. (MN)
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R4 Capital, LLC. (NY)	SECDE Ventures, LLC. (MS)
Raymond James Tax Credit Funds, Inc. (FL)	Seldin Company (Nebraska)



Senior Services (WA)	Thomas Development Co. (ID)
Settlement Star Services, LLC. (OH)	Thomas Safran & Associates (CA)
Selfhelp Community Services	T.M. Associates, Inc. (MD)
The Shelter Group (MD)	Tonalea Chapter (AZ)
Smart Growth America	Travois, Inc. (MO)
Somerset Pacific (ID)	UAH Property Management, Inc. (TX)
South Florida Community Development Corp. (FL)	United Developers, Inc. (NC)
Southeastern Affordable Housing Management Assoc.	Urban Housing Communities, LLC. (CA)
Southern California Assoc. of Non-Profit Housing (CA)	Urban Housing Partners, LLC. (NE)
Southern Tier Environments for Living (NY)	Urban Initiatives (CT)
Southport Financial Services, Inc. (FL)	Urban Residential Partners (CO)
Southwest Minnesota Housing Partnership (MN)	Valley National Bank (NY)
Spokane Housing Ventures (WA)	Vermont Affordable Housing Coalition (VT)
Spokane Low Income Housing Consortium (WA)	Vesta Corporation (CT)
SRO Housing Corporation (CA)	Vestcor Development Corp, Inc. (FL)
St. Louis Equity Fund, Inc. (MO)	Victory Housing, Inc. (MD)
Star Title Agency, LLC. (OH)	Vintage Construction, LLC. (KS)
Steele Properties, LLC. (CO)	Virginia Community Development Corporation (VA)
Stewards of Affordable Housing for the Future	Virginia One Development (VA)
Strategic Tax Credit Investments, LLC. (MA)	Vitus Group
SUMMECH CDC (GA)	Volunteers of America
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Summit Management Group, Inc. (MT)	The Wallick Companies (OH)
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	Winters Construction, LLC. (MS)



Wisconsin Council for Affordable and Rural Housing
(WI)

Wisconsin Housing Preservation Corp. (WI)

The Wishcamper Companies, Inc. (ME)

WNC & Associates, Inc.

Women's Inst. for Housing & Economic Dev. (MA)

Woodlawn Trustees, Inc. (DE)

Workforce Homestead, Inc. (NC)

Wyoming Housing Network (WY)

YES Housing, Inc. (NM)